

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Nanci E. Langley; and
Robert G. Taub

South International Falls Post Office
South International Falls, Minnesota

Docket No. A2011-63

ORDER AFFIRMING DETERMINATION

(Issued December 27, 2011)

I. INTRODUCTION

On September 6, 2011, Concerned Citizens of South International Falls, Minnesota (Petitioners) filed petitions with the Commission seeking review of the Postal Service's Final Determination to close the South International Falls, Minnesota post office (South International Falls post office).¹ On September 15, 2011, an additional petition was received from Leroy Gartzke.²

¹ Petitions consists of letters opposing the closing of the South International Falls post office; Petition for Review received from Concerned Citizens of South International Falls, Minnesota regarding the South International Falls, Minnesota Post Office 56679, September 6, 2011 (collectively, Petitions).

² Petition for Review received from Leroy Gartzke regarding the South International Falls, MN Post Office 56679, September 15, 2011.

After reviewing the record in this proceeding, the Commission affirms the Final Determination to close the South International Falls post office and reopen the facility as a classified branch. The Final Determination formalizes a decision made in 1988 to reclassify the post office as a classified branch. No change in service is anticipated.

II. PROCEDURAL HISTORY

On September 9, 2011, the Commission established Docket No. A2011-63 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.³

On September 21, 2011, the Postal Service filed the Administrative Record with the Commission.⁴ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁵

On November 15, 2011, the Public Representative filed reply comments.⁶

III. BACKGROUND

In 1988, the Postal Service suspended service at the South International Falls post office to begin the process of converting it into a classified branch of the International Falls, MN post office. At the time of the suspension, the official process for consolidation was not completed. The Postal Service is now applying the proper discontinuance procedures to finalize the consolidation. Administrative Record, Item No. 9 at 1; Postal Service Comments at 2.

³ Order No. 846, Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 9, 2011.

⁴ The Administrative Record is attached to the United States Postal Service Notice of Filing, September 21, 2011 (Administrative Record). The Administrative Record includes the Final Determination to Close the Suspended South International Falls, MN Post Office and Continue to Provide Service Through a Classified Branch (Final Determination). The Administrative Record does not designate the Final Determination with an item number.

⁵ United States Postal Service Comments Regarding Appeal, October 31, 2011 (Postal Service Comments).

⁶ Reply Comments of the Public Representative, November 15, 2011 (PR Reply Comments).

The South International Falls post office has provided retail postal services and service to 90 post office box customers.⁷ Final Determination at 1. Delivery customers were served through this post office. *Id.* The South International Falls post office, an EAS-55 level facility, had retail access hours of 9:00 a.m. to 4:00 p.m., Monday through Friday, and 9:00 a.m. to 11 a.m. on Saturday. Lobby access hours were the same as retail access hours. Since its suspension as a post office in 1988, the South International Falls facility has continued to provide the same retail, delivery, and post office box services, but was categorized as a classified branch. *Id.* The classified branch now has retail access hours of 11:30 a.m. to 1:00 p.m., Monday through Saturday.

The postmaster position became vacant on February 11, 1989, when the South International Falls postmaster was promoted.⁸ *Id.* A non-career officer-in-charge (OIC) was installed to operate the post office and was later separated from service on September 25, 1989, when the post office was suspended. The annual receipts for the 3 years preceding the suspension of the South International Falls post office are not available.⁹ By consolidating this office and running it as a classified branch, the Postal Service anticipates savings of \$11,935 annually. *Id.* at 2.

After the consolidation, the South International Falls will officially be reclassified as a branch of the International Falls post office. It will continue to provide delivery and retail services and operate from the same location as it has for the last 23 years. *Id.*; Postal Comments at 2. The only change is that delivery and retail services will now be the administrative responsibility of the International Falls post office, located

⁷ The Proposal to Consolidate South International Falls, MN Post Office and Continue to Provide Service at a Classified Branch (Proposal), states the post offices provides post office box service to 79 customers. Administrative Record Item No. 10 at 2. This discrepancy may be explained by the fact that the Proposal was drafted and posted in the summer of 2009 and does not reflect the current number of postal box customers as of 2011. *Id.* Item No. 13.

⁸ According to postal records, the postmaster has since retired from service. Administrative Record at 3.

⁹ The Administrative Record does not supply data regarding the number of daily retail transactions and workload hours, or the last three fiscal years' receipts. Administrative Record, Item No. 9, at 1-2.

approximately 1 mile away.¹⁰ The International Falls post office is an EAS-20 level facility with retail hours of 8:30 a.m. to 4:30 p.m., Monday through Friday, and from 11:00 a.m. to 1 p.m. on Saturday. *Id.* The International Falls post office has 375 post office boxes available. *Id.* The Postal Service will continue to use the South International Falls name and ZIP Code. *Id.* at 1.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure and subsequent consolidation of the South International Falls post office. They argue that consolidation will be inconvenient, risk the security of the mail, and subject them to longer lines, crowding, and less accessible services at the International Falls post office.

Postal Service. The Postal Service argues that the Commission should affirm its determination to consolidate the South International Falls post office, reestablishing it as a classified branch of the International Falls post office. Postal Service Comments at 1-2. The Postal Service believes the Petitioners' appeal raises three main issues: (1) the effect on postal services; (2) the impact on the South International Falls community; and (3) the effect on postal employees expected to result from discontinuing the South International Falls post office. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes the determination to consolidate the South International Falls post office should be affirmed. *Id.* at 1, 7.

The Postal Service explains that its decision to consolidate the South International Falls post office and convert it into a classified branch of the International Falls post office is based on several factors, including:

- the postmaster vacancy;
- a minimal workload and declining office revenue;

¹⁰ *Id.* at 1. MapQuest estimates the driving distance between the South International Falls and International Falls post offices to be approximately 1.25 miles (3 minutes driving time).

- proximity to International Falls
- minimal impact on the community; and
- expected financial savings.

Final Determination at 2; Administrative Record, Item No. 10, at 2. The Postal Service contends that it will continue to provide regular and effective postal services to the South International Falls community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and addresses the concerns raised by Petitioners regarding the effect on postal services, effect on the South International Falls community, economic savings, and effect on postal employees. *Id.* at 1-2.

Public Representative. The Public Representative concludes that the Postal Service's Final Determination is in accordance with 39 U.S.C. § 404(d) and should be affirmed. He finds the consolidation of the South International Falls post office into a classified branch will not impact the services or the location of services provided by the South International Falls facility, and that the Postal Service has duly considered the consolidation's effects of on the community, postal employees, and economic savings.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings and consolidations is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the

Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close or consolidate any post office, the Postal Service must provide notice of its intent to close or consolidate. Notice must be given 60 days before the proposed closure or consolidation date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close or consolidate a post office until 60 days after its determination is made available to persons served by that post office. *Id.* § 404(d)(4). A decision to close or consolidate a post office may be appealed within 30 days after the determination is made available to persons served by the post office. *Id.* § 404(d)(5).

The record indicates the Postal Service took the following steps in reaching its Final Determination. In 1988, the Postal Service distributed questionnaires to delivery and box customers regarding the possible change in service at the South International Falls post office.¹¹ Postal Service Comments at 3; Administrative Record, Item No. 7. An unspecified number of questionnaires were distributed and returned, the numbers are unknown as no official records have been retained. In the fall of 1988; community members and local postal employees recall the Postal Service held a community meeting to address customer concerns. *Id.*

The Postal Service posted the proposal with an invitation for comments at the South International Falls and nearby facilities for approximately 60 days, from August 31, 2009 through November 2, 2009. Final Determination at 1; Administrative Record Item No. 17, at 1-2; *Id.* Item No. 18; Postal Service Comments at 3. The Final

¹¹ In 1988, the Postal Service suspended the South International Falls post office in order to convert it to a classified branch of the International Falls post office. At that time, questionnaires were distributed to the South International Falls community. Administrative Record, Item No. 10, at 2; Postal Service Comments at 2. The conversion was not completed. *Id.*

Determination was posted at the South International Falls and International Falls post offices for approximately 30 days, from August 11, 2011 through September 12, 2011.¹² Administrative Record at 47-48.

Based on a review of the record, the Commission finds that the Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close or consolidate a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. South International Falls, Minnesota is an incorporated community located in Koochiching County, Minnesota. Administrative Record, Item No. 9. The community is administered politically by the city of International Falls. *Id.* Item No. 10 at 3. Police and fire protection is provided by International Falls. *Id.* The community is comprised of retired persons, those who work in local businesses, and those who commute to work in nearby communities. Final Determination at 2. Residents may travel to nearby communities for other supplies and services. *Id.*

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the South International Falls community and solicited input from the community with questionnaires in both 1988.¹³ It solicited input on the

¹² It should be noted that the only date stamped Final Determination indicates it was posted at the International Falls post office. The record does not contain a date stamped document indicating posting at the South International Falls post office.

¹³ Much of this data comes to the Postal Service by way of local customer and employee recollection. Postal Service Comments at 2. A search of the local Management Section Center and District offices has not yielded an official record or any such documentation. Administrative Record, Item No. 10, at 2.

Proposal in 2009. Administrative Record, Item No. 13. In response to the proposal, no customers raised concerns regarding the effect of the consolidation on the community. Final Determination at 1-2.

The Commission finds the proposed consolidation will have no negative effect on the South International Falls community. Any concerns that may have arisen due to the lack of recent input from the community are offset by the fact that no comments concerning the classification were received as recently as 2009, and that the South International Falls classified branch will continue to provide the same services from the same location as the South International Falls post office has done for the last two decades.

The Commission finds that the Postal Service has adequately taken the effect of the post office consolidation on the community into account.

Effect on employees. The Postal Service states that the South International Falls postmaster was promoted on February 11, 1989 and the later assigned non-career OIC was separated from service when the post office was suspended, on September 25, 1989. Final Determination at 2. Since this time, a career employee has operated the South International Falls facility. Postal Service Comments at 2. Since the South International Falls facility will offer the same services from the same location, it appears no other postal employees will be adversely affected by the closure.

The Commission finds that the Postal Service has considered the possible effects of the post office consolidation on its employees. The Commission concludes that this satisfies the Postal Service's obligation to consider the effect of the closing on employees at the South International Falls post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the consolidation will have on postal services provided to South International Falls customers. *Id.* at 4. The Postal Service asserts that customers of the South International Falls post office may obtain delivery and retail services through the re-classified branch under the administrative responsibility of the International Falls post

office, located 1 mile away. Final Determination at 2. The 90 post office box customers may also obtain Post Office Box Service at the International Falls post office, which has 375 boxes available. *Id.*

The Commission finds there will be no change in the current operation and services offered at the South International Falls facility. The designation of the South International Falls post office as a classified branch facility will not impact the delivery and retail services provided to South International Falls customers for the last 23 years.

Based on a review of the record, the Commission concludes that the Postal Service has attempted to consider and respond to any issues concerning effective and regular service.

Economic savings. The Postal Service estimates the consolidation to reap a total annual savings of \$11,935. *Id.* at 2. It derives this figure by summing the following costs: postmaster salary and benefits (\$30,739) and annual lease costs (\$9,360), minus the cost of replacement service (\$28,164). *Id.*

It is uncertain how the Postal Service derives this amount. Given that there has been no postmaster or OIC since September of 1989, it is not explained why the postmaster's salary and benefits would be calculated into gross savings 23 years later. It is also unclear what, if any, rental savings and replacement costs exist, given that the Postal Service maintains that the services provided by the South International Falls facility for the last 23 years will continue to be provided from the same location.

The Commission questions the validity of any estimate of economic savings given the Postal Service will continue to operate the facility the way it has for the past 23 years. Based on a review of the record, the Commission concludes that the Postal Service has attempted to consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

Based on the review of the record, the Commission concludes that the Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close and subsequently consolidate the South International Falls post office into a classified branch of the International Falls post office is affirmed.

It is ordered:

The Postal Service's determination to consolidate the South International Falls, Minnesota post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary

DISSENTING OPINION OF RUTH Y. GOLDWAY

I dissent.

While I appreciate the Postal Service's effort to correct past administrative errors, I find the effort incomplete and not compliant with the law or its own administrative requirements.

This process began more than 20 years ago. The Postal Service is submitting records of a community meeting that are so stale as to be unacceptable. No community meeting was held after the process was restarted in 2009. The fact that no one objected in the responses to questionnaires is not sufficient reason to eliminate a required step. Proper notice was not provided.

In this case, my fellow Commissioners agree that the Postal Service has not really considered the economic impact of the consolidation. I suppose it is felt that because access will remain exactly as it is now, there is no need to have a proper administrative record. I disagree. It is the regulator's responsibility to assure that the Administrative Record is submitted properly and completely. If not, the Postal Service may continue with the kinds of delays that have so confused this community.

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

It is not the statutory responsibility of the Postal Regulatory Commission to correct the record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the record. Therefore, this consolidation should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

Furthermore, the community should be made aware that, through this consolidation, the Postal Service believes South International Falls will lose its right to an appeal if the Postal Service decides to close the facility in the future. They should know as well that the Commission holds differently on rights of appeals.

Finally, the Postal Service recently announced a moratorium on post office closings.

It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011, have the respite of a 5-month moratorium.

The citizens of South International Falls, Minnesota and their concerns regarding this change should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway